

THE AGRICULTURAL SITUATION

A Brief Summary of Economic Conditions

ISSUED MONTHLY BY THE BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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PRODUCTION IN BETTER BALANCE THAN LAST YEAR

Two crops in particular give the agricultural picture its tone at this time of year. They are cotton and corn. In so far as the general situation has gained stability in a year these two have played a large part therein.

Cotton is the country's great cash crop. Nearly a third of our farms grow it. As goes cotton, so goes the picture in that 2,000-mile territory between the Texas Panhandle and the Atlantic. According to the October estimates, cotton is, roughly speaking, almost a third smaller crop than last year. The price is more than a third higher. Gauged by October prices the South could sell this cotton crop for nearly \$200,000,000 more than last year's crop. Its gross value is again up to the average of good years. Thus, in point of income, our greatest single crop area is well in a way to recover from its slump of last year. That is one of the most significant developments of this season.

In the case of corn, the picture is one of about average supply and a price not entirely satisfactory to the cash corn grower but still favorable to the livestock industries. There is considerably more corn than was expected, thanks to a mild fall, though the crop is a disappointment in the eastern Corn Belt. Corn is not finally sold off the farms as corn. It is a raw material, sold chiefly as animal products. A corn failure such as appeared possible at one time during the summer, would have seriously handicapped livestock feeders. An excessive surplus would have given undue impetus to the expansion of pig production during the coming year.

The reports last month indicated that fewer cattle and lambs will be fed in the Corn Belt this season than last, although the far western feeding areas will handle more lambs.

In general, conditions are rather reversed from last year. The Cotton Belt, the northern Wheat Belt, the cattle States, the north-western apple districts are all in better shape. Some sections like the eastern Corn Belt and certain potato areas are perhaps not in as good shape. But the general balance as between the major lines of production is better than last year; there are no conspicuous surpluses nor shortages, possibly excepting the case of late fruit.

The mass of crop production per capita of the whole population is the lowest in 33 years, with one exception (1921). As a result of price increases, the index of purchasing power of farm products in terms of nonagricultural commodities rose to 92 in September, a point reached only once before during the last seven years.

KEY REGIONS AT A GLANCE

The East.—Harvest practically wound up; busy with marketing, fall plowing and making preparations for winter. Fine fall weather gave opportunity to gather the crops in good condition. Potatoes a disappointment in many sections because of blight and rot. Apples a light crop but prices encouraging. Corn made generally ample fodder and more grain than expected. Dairy situation still considered promising.

The South.—Cotton picking practically completed except in few western sections, likewise harvest of corn, sweet potatoes, rice, etc. Winter grains mostly in ground and coming up to good stands. Cotton was an unusually early crop this year from planting to picking, except in certain sections like eastern Arkansas where it is very late. South disturbed over recent declines in cotton prices but general expectation is that total income from crop will substantially exceed last year.

Corn Belt.—Mild weather the last two months made more corn than was thought possible. It is, roughly, a good crop west of the Mississippi but below last year in much of the territory east of the river. Iowa reports indicated over 80 per cent of corn safe before frosts. Corn harvest on now. Fewer cattle on feed indicated this year; late summer shipments of feeder cattle into Corn Belt were smallest in 10 years. Likewise fewer lambs on feed. Cheaper corn may induce more feeding, however. General Corn Belt conditions better than last year in West, doubtful if as good in East.

Wheat Belt.—Winter wheat seeding completed and the grain is coming up to good stands over practically the whole territory. Movement of spring wheat to market has been rapid this fall. The generally excellent crop has brought a volume of income into the northwestern wheat States which represents a great improvement in conditions. Corn, potatoes, beets, and other supplementary crops turned out unusually good yields this fall. General crop picture excellent in territory west of Missouri River.

Range Country.—Feed conditions generally excellent. Stock mostly on winter ranges now. Bulk of market movement over. Cattlemen holding back breeding stock for restocking purposes. Rising price of cattle has greatly stimulated the industry. This is first year in several when cattlemen appear to have done as well or better financially than sheep raisers. Western feeding areas report increases in number of lambs to be fed this winter. Generally speaking, range States are in best condition in eight years.

Pacific Coast.—North has been busy with late harvest after delays due to heavy rains a month ago. Winter grain is green and looking fine, as a rule. Apple picking well along and earlier pack being marketed; crop fair and prices much better than last year. Prunes and other dried fruits moving to market in south as well as lettuce, celery, and other fall truck. Citrus fruit in good condition.

THE TREND OF CROP PRODUCTION

	1913 produc- tion	5-year average, 1922-1926 produc- tion	1926 produc- tion	1927, October 1 forecast
	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>
Winter wheat.....bushels..	523	556	627	553
Spring wheat.....do.....	240	252	205	314
All wheat.....do.....	763	808	833	867
Corn.....do.....	2, 447	2, 767	2, 647	2, 603
Oats.....do.....	1, 122	1, 352	1, 250	1, 206
Barley.....do.....		193	188	265
Flaxseed.....do.....	18	20	19	24
Peanuts.....pounds.....		670	627	871
Rice.....bushels.....	25. 7	36	41	38
Potatoes, white.....do.....	332	394	356	395
Sweet potatoes.....do.....	59	81	84	87
Tobacco.....pounds.....	954	1, 338	1, 301	1, 169
Hay, all.....tons.....	64	91	86	104
Apples, total.....bushels.....	145	199	246	123
Apples, commercial.....barrels.....		34	39	24
Peaches.....bushels.....		54	70	46
Sugar beets.....tons.....		6. 8	7. 2	6. 8
Cotton.....bales.....	14	13. 5	18	12. 68

Crop prospects in the United States improved nearly 2 per cent during September, the improvement being due chiefly to the great improvement in the corn crop which resulted from the unusually hot weather during the first three weeks of September. When all crops are combined the average condition and yield estimates is only two-tenths of 1 per cent below the October average during the last 10 years. This represents a marked change from the very unpromising crop prospects of the early summer.

The total production of important products forecast this year as compared with harvested production last year is estimated as follows: Corn 98.4 per cent, wheat 104 per cent, oats 96.4 per cent, barley 140.6 per cent, rye 150 per cent, buckwheat 122.5 per cent, flax 130.6 per cent, rice 92.4 per cent, grain sorghums 114.6 per cent, cotton 70.5 per cent, tame hay 120.4 per cent, beans 107.6 per cent, peanuts 138.9 per cent, apples 49.9 per cent, peaches 66 per cent, pears 69.5 per cent, white potatoes 110.9 per cent, sweet potatoes 104.5 per cent, tobacco 88.5 per cent, sugar beets 90.7 per cent, broomcorn 79 per cent, hops 96.6 per cent, grapes 113 per cent.

AVERAGE PRICES OF FARM PRODUCTS RECEIVED BY PRODUCERS

Actual prices received by producers at local farm markets as reported to the division of crop and livestock estimates of this bureau. Average of reports covering the United States, weighted according to relative importance of district and State.

	5-yr. average August, 1909- July, 1914	Septem- ber average 1910- 1914	Septem- ber, 1926	August, 1927	Septem- ber, 1927
Cotton, per lb.....cents..	12. 4	12. 2	16. 8	17. 1	22. 5
Corn, per bush.....do.....	64. 2	69. 6	76. 2	97. 7	95. 3
Wheat, per bush.....do.....	88. 4	87. 7	117. 7	123. 5	119. 2
Hay, per ton.....dollars..	11. 87	11. 39	12. 88	9. 97	10. 51
Potatoes, per bush.....cents..	69. 7	74. 4	130. 6	146. 3	107. 4
Oats, per bush.....do.....	39. 9	38. 8	35. 6	44. 4	43. 9
Beef cattle, per 100 lbs..dollars..	5. 22	5. 09	6. 48	7. 21	7. 42
Hogs, per 100 lbs.....do.....	7. 23	7. 49	12. 07	9. 24	9. 78
Eggs, per doz.....cents..	21. 5	20. 6	31. 5	23. 4	29. 4
Butter, per lb.....do.....	25. 5	25. 0	40. 9	40. 3	41. 7
Butterfat, per lb.....do.....			40. 5	39. 4	41. 6
Wool, per lb.....do.....	17. 7	17. 0	32. 6	31. 2	31. 2
Veal calves, per 100 lbs..dollars..	6. 75	6. 78	10. 06	10. 37	10. 78
Lambs, per 100 lbs.....do.....	5. 91	5. 47	11. 32	11. 15	11. 14
Horses, each.....do.....	142. 00	142. 00	78. 00	80. 00	78. 00

The index of the general level of farm prices advanced during September from 132 per cent of the pre-war level on August 15 to 140 per cent on September 15, an advance of 8 points. This is the largest gain the index has made in a single month since May, 1919. At 140 the index is 6 points above September a year ago and is at the highest point since April, 1926. The rise was due to the advance in cotton and cottonseed, barley, rye, hay, hogs, beef cattle, veal calves, eggs, and butter, the biggest factors influencing the rise being cotton and cottonseed, dairy products, and poultry products.

The farm price of wheat continued downward during September, declining about 3 per cent for the country as a whole.

The steady rise in the farm price of corn which started in March was checked slightly during September with a decline of 2.4 cents.

The farm price of cotton advanced 32 per cent from August 15 to September 15, the highest since September 15, 1925, at which time the farm price was the same as this month. The advance during the month of 5.4 cents is the largest advance of September over August on record. However, prices have declined somewhat since September.

The further advance of the farm price of hogs from August 15 to September 15 was for the most part a seasonal movement. The farm price is still well below a year ago which reflects the heavier receipts and slaughter and the larger cold storage holdings as compared to last year.

The improvement in the farm price of cattle from August 15 to September 15 was probably due partially to lighter receipts of range cattle, reflecting in part a tendency to hold cattle for better condition and to retain younger and breeding cattle.

PRICE INDEXES FOR SEPTEMBER, 1927

Farm products figures from this bureau; commodity groups from Bureau of Labor Statistics (latter shown to nearest whole number). Shows year ago and latest available month.

FARM PRODUCTS

[Prices at the farm; August, 1909-July, 1914=100]

	Sep-tem-ber, 1926	Au-gust, 1927	Sep-tem-ber, 1927	Month's trend
Cotton.....	135	138	181	Higher.
Corn.....	119	152	148	Lower.
Wheat.....	133	140	135	Do.
Hay.....	109	84	89	Higher.
Potatoes.....	187	210	154	Lower.
Beef cattle.....	125	139	143	Higher.
Hogs.....	167	128	135	Do.
Eggs.....	147	109	137	Do.
Butter.....	160	158	164	Do.
Wool.....	183	175	175	Unchanged.

COMMODITY GROUPS

[Wholesale prices; 1910-1914=100]¹

	Sep-tem-ber, 1926	Au-gust, 1927	Sep-tem-ber, 1927	Month's trend
Farm products.....	141	146	153	Higher.
Food, etc.....	151	145	149	Do.
Cloths and clothing.....	179	177	182	Do.
Fuel and lighting.....	211	184	184	Unchanged.
Metal and metal products.....	136	129	127	Lower.
Building materials.....	178	166	164	Do.
Chemicals, etc.....	129	120	121	Higher.
House-furnishing goods.....	166	163	163	Unchanged.
All commodities.....	153	149	152	Higher.

¹ Bureau of Labor Statistics index numbers converted to 1910-1914 base.

RELATIVE PURCHASING POWER

[At September, 1927, farm prices; August, 1909-July, 1914=100]

In terms of—	Of a unit of—				
	Cotton	Corn	Wheat	Hay	Pota- toes
All commodities.....	119	98	89	58	101
Cloths, etc.....	100	81	74	49	85
Fuel, etc.....	99	81	73	48	84
Metals, etc.....	142	117	106	70	121
Building materials.....	111	90	82	54	94
House-furnishing goods.....	111	91	82	54	94

In terms of—	Of a unit of—				
	Beef cattle	Hogs	Eggs	Butter	Wool
All commodities.....	94	89	90	108	115
Cloths, etc.....	78	74	75	90	96
Fuel, etc.....	78	73	74	89	95
Metals, etc.....	112	106	107	128	138
Building materials.....	87	82	83	100	107
House-furnishing goods.....	87	83	84	100	107

The general index of purchasing power of farm products in terms of nonagricultural commodities advanced from 88 in August to 92 in September. In only one previous month (August, 1925) has the index reached that figure since the spring of 1920.

The rise in the purchasing power index was primarily due to the advance in prices of cotton, dairy products, and poultry products. It is a reflection of the better general balance attained in production this year, whereby the setback of last season due especially to cheap cotton is fairly well made up.

Prices of cotton, wheat and corn have declined somewhat lately but an unusually early maturity made it possible for producers to market considerable cotton and wheat before the most recent declines.

Of the five important crops listed above, all but hay have had an exchange value this fall which presumably would stimulate production, if continued.

Of the five important livestock products listed above, all are at or moving toward a unit exchange value which is probably sufficiently favorable to maintain production and in the case of cattle, wool, and dairy products to stimulate it.

GENERAL BUSINESS INDICATORS RELATED TO AGRICULTURE

	September, 1926	August, 1927	September, 1927	Month's trend
PRODUCTION				
Pig iron, daily (thousand tons)	101	95	92	Decrease.
Bituminous coal (million tons)	49	42	42	Unchanged.
Steel ingots (thousand long tons)	3, 913	3, 471	3, 232	Decrease.
CONSUMPTION				
Cotton, by mills (thousand bales)	571	633	627	Do.
Unfilled orders, Steel Corporation (thousand tons)	3, 594	3, 196	3, 148	Do.
Building contracts in 27 Northeastern States (million dollars)	488	487	449	Do.
Hogs slaughtered (thousands)	1, 673	1, 846	1, 512	Do.
Cattle slaughtered (thousands)	1, 290	1, 231	1, 085	Do.
Sheep slaughtered (thousands)	1, 147	1, 137	1, 101	Do.
MOVEMENTS				
Bank clearings (New York) (billion dollars)	21	25	27	Increase.
Car loadings (thousands)	4, 523	4, 249	4, 360	Do.
Mail-order sales (million dollars)	38	38	41	Do.
Employees, New York State factories (thousands)	500	474	484	Do.
Average price 25 industrial stocks (dollars)	172	230	243	Do.
Interest rate (4-6 months' paper, New York) (percent)	4. 43	4. 16	4. 31	Do.
Retail food price index (Department of Labor) ¹	158	152	154	Higher.
Wholesale price index (Department of Labor) ¹	150	147	149	Do.

¹ 1913=100.

There is an undercurrent of bearish sentiment in the business world which is difficult to explain by surface conditions. To all outward appearances, the conditions of production, trade, employment, and credit are reasonably good and likely to continue so. But the security markets have declined lately; there are a few men out of work; certain industrial firms report rather low earnings, etc.

Whatever may be the sum total of facts, there is a feeling in some quarters that industry has lost ground this summer. Well posted observers look for a revival, however, as the fall trade sets in and especially as and if the automobile industry comes back to par.

GENERAL TREND OF WAGES AND PRICES

[1910-1914=100]

Year and month	General wage level ¹	Farm wages ²	Retail price of food ³	Wholesale price of food ³	Wholesale price, all commodities ⁴
1910-----		97	96	100	103
1911-----		97	95	96	95
1912-----		101	101	103	101
1913-----		104	103	99	102
1914-----	⁵ 100	101	106	101	100
1915-----	101	102	104	104	103
1916-----	114	112	117	120	129
1917-----	129	140	151	166	180
1918-----	160	176	174	187	198
1919-----	185	206	192	205	210
1920-----	222	239	210	218	230
1921-----	203	150	158	143	150
1922-----	197	146	146	137	152
1923-----	214	166	151	143	156
1924-----	218	166	150	143	152
1925-----	223	168	162	156	162
1926-----	229	171	166	152	154
September:					
1921-----	200		158	141	144
1922-----	198		144	137	156
1923-----	214		154	146	156
1924-----	216		151	147	152
1925-----	222		164	159	163
1926-----					
July-----	227	174	162	153	153
August-----	227		161	150	152
September-----	231		163	151	153
October-----	231	176	165	151	152
November-----	230		167	150	151
December-----	232		167	150	150
1927-----					
January-----	232	162	164	149	150
February-----	231		161	147	149
March-----	234		159	146	148
April-----	230	166	158	146	147
May-----	230		160	147	147
June-----	230		163	145	146
July-----	228	172	158	144	147
August-----	231		157	145	149
September-----	233		159	149	052

¹ Average weekly earnings, New York State factories.² Index based on both monthly and daily wages.³ Bureau of Labor Statistics index numbers converted to 1910-1914 base.⁴ Bureau of Labor Statistics.⁵ June.

GENERAL TREND OF PRICES AND PURCHASING POWER

[On 5-year base, August, 1909-July, 1914=100]

Year and month	Index numbers of farm prices							Wholesale prices of non-agricultural commodities ¹	Relative purchasing power of farmer's product ²
	Grains	Fruits and vegetables	Meat animals	Dairy products	Poultry products	Cotton and cotton-seed	All groups, 30 items		
1910.....	104	91	103	100	104	113	103	102	101
1911.....	96	106	87	97	91	101	95	96	99
1912.....	106	110	95	103	101	87	99	100	99
1913.....	92	92	108	100	101	97	100	105	95
1914.....	103	100	112	100	105	85	102	97	105
1915.....	120	83	104	98	103	78	100	101	99
1916.....	126	123	120	102	116	119	117	138	85
1917.....	217	202	173	125	157	187	176	182	97
1918.....	226	162	202	152	185	245	200	188	107
1919.....	231	189	206	173	206	247	209	199	105
1920.....	231	249	173	188	222	248	205	241	85
1921.....	112	148	108	148	161	101	116	167	69
1922.....	105	152	113	134	139	156	124	168	74
1923.....	114	136	106	148	145	216	135	171	79
1924.....	129	124	109	134	147	211	134	162	83
1925.....	156	160	139	137	161	177	147	165	89
1926.....	129	189	146	136	156	122	136	161	85
September—									
1920.....	222	180	177	186	222	218	194	246	79
1921.....	100	171	101	140	156	130	118	156	75
1922.....	97	109	112	133	132	160	119	179	66
1923.....	111	131	112	145	144	204	132	167	79
1924.....	140	113	115	126	153	175	132	158	83
1925.....	148	142	143	137	152	178	144	163	88
1926.....	121	136	148	133	155	134	134	161	83
1927									
March.....	121	140	144	139	115	102	126	153	82
April.....	119	147	143	140	114	101	125	151	83
May.....	127	158	137	136	112	113	126	150	84
June.....	140	201	129	132	102	119	130	150	86
July.....	139	195	131	130	112	125	130	151	87
August.....	138	172	136	129	122	136	132	151	88
September....	134	145	142	135	143	179	140	152	92

¹ Computed by Bureau of Labor Statistics from wholesale prices of all commodities except those from United States farms. 1910-1914=100.

² The value of a unit of the farmer's product in exchange for nonagricultural products at wholesale prices, compared with pre-war values. Obtained by dividing index of all groups (30 items) by the index of the wholesale prices of nonagricultural products.

THE TREND OF MOVEMENT TO MARKET

Figures show wheat, corn, hogs, cattle, sheep receipts at primary markets; butter receipts at five markets, compiled by this bureau.

Year and month	Receipts					
	Wheat	Corn	Hogs	Cattle	Sheep	Butter
	<i>1,000 bushels</i>	<i>1,000 bushels</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000 pounds</i>
Total—						
1920.....	332, 314	210, 332	42, 121	22, 197	23, 538	402, 755
1921.....	435, 606	340, 908	41, 101	19, 787	24, 168	468, 150
1922.....	413, 106	378, 598	44, 068	23, 218	22, 364	526, 714
1923.....	386, 430	271, 858	55, 330	23, 211	22, 025	545, 380
1924.....	482, 007	278, 719	55, 414	23, 695	22, 201	587, 477
1925.....	346, 381	223, 604	43, 929	24, 067	22, 100	574, 489
1926.....	362, 876	234, 873	39, 772	23, 872	23, 868	572, 935
September—						
1920.....	43, 808	19, 906	2, 391	2, 294	2, 895	35, 991
1921.....	51, 096	35, 578	2, 655	1, 906	2, 618	41, 561
1922.....	57, 839	31, 123	3, 062	2, 397	2, 303	38, 477
1923.....	44, 196	18, 355	3, 607	2, 295	2, 659	41, 625
1924.....	81, 183	22, 084	3, 216	2, 566	3, 027	47, 467
1925.....	57, 756	12, 889	2, 741	2, 157	2, 627	45, 005
1926						
July.....	68, 200	13, 353	2, 854	1, 821	1, 739	68, 393
August.....	67, 952	11, 513	2, 804	1, 997	2, 277	50, 476
September.....	46, 266	13, 740	2, 819	2, 397	3, 279	44, 761
October.....	35, 124	28, 613	3, 261	2, 674	3, 090	38, 166
November.....	28, 229	22, 587	3, 554	2, 460	1, 917	34, 180
December.....	19, 831	22, 528	3, 910	1, 846	1, 706	36, 054
1927						
January.....	19, 379	23, 658	4, 252	1, 832	1, 740	37, 705
February.....	19, 462	24, 499	3, 308	1, 555	1, 496	38, 375
March.....	17, 504	18, 535	3, 754	1, 743	1, 558	45, 210
April.....	13, 680	10, 445	3, 142	1, 674	1, 486	48, 279
May.....	17, 760	12, 908	3, 582	1, 955	2, 044	63, 710
June.....	18, 346	26, 361	3, 752	1, 732	1, 838	75, 756
July.....	52, 996	14, 724	3, 046	1, 547	1, 676	67, 282
August.....	78, 909	17, 023	3, 041	2, 075	2, 209	57, 446
September.....	79, 962	21, 259	2, 565	1, 988	2, 848	42, 234

Heavy volume of wheat moved to market this fall, September much in excess of last year or average. Corn also came to market in comparatively heavy volume during September.

Hog and cattle marketings relatively light; sheep heavy; butter moderate.

THE TREND OF EXPORT MOVEMENT

[Compiled from the Department of Commerce reports by division of statistica research of this bureau]

Year and month	Wheat, ¹ including flour	Tobacco (leaf)	Bacon, ² hams, and shoulders	Lard	Total ³ meats	Cotton, ⁴ running bales
	1,000 bushels	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 bales
Total—						
1920-----	311, 601	467, 662	821, 922	612, 250	1, 043, 500	6, 111
1921-----	359, 021	515, 353	647, 680	868, 942	786, 280	6, 385
1922-----	235, 307	430, 908	631, 452	766, 950	733, 832	6, 015
1923-----	175, 190	474, 500	828, 890	1, 035, 382	958, 472	5, 224
1924-----	241, 454	546, 555	637, 980	944, 095	729, 832	6, 653
1925-----	138, 784	468, 471	467, 459	688, 829	547, 361	8, 362
1926-----	193, 861	478, 769	351, 591	698, 971	428, 613	8, 916
September—						
1920-----	35, 182	37, 261	50, 369	46, 326	58, 181	227
1921-----	39, 310	33, 009	61, 856	104, 741	70, 107	513
1922-----	32, 099	33, 102	51, 040	61, 120	60, 863	365
1923-----	22, 779	37, 646	76, 911	83, 630	88, 833	686
1924-----	39, 537	37, 245	43, 117	65, 810	50, 092	734
1925-----	13, 152	50, 677	32, 900	62, 646	40, 230	750
1926						
July-----	19, 811	29, 760	22, 457	45, 873	28, 221	356
August-----	35, 479	26, 263	29, 097	54, 273	34, 755	385
September-----	31, 031	38, 319	26, 927	61, 577	33, 843	789
October-----	24, 098	53, 129	23, 873	46, 988	30, 384	1, 359
November-----	20, 545	49, 136	22, 384	43, 488	30, 177	1, 475
December-----	15, 301	50, 375	23, 503	62, 690	28, 746	1, 504
1927						
January-----	12, 821	66, 337	20, 597	59, 842	25, 748	1, 074
February-----	8, 997	46, 840	19, 476	49, 884	24, 313	979
March-----	9, 183	41, 669	18, 108	53, 040	23, 754	1, 084
April-----	16, 039	35, 041	17, 844	67, 345	23, 930	825
May-----	14, 123	40, 376	21, 634	64, 418	27, 035	612
June-----	11, 515	33, 053	25, 293	66, 404	30, 924	468
July-----	12, 100	28, 229	24, 040	46, 972	30, 043	372
August-----	28, 347	27, 817	16, 841	50, 816	23, 123	322
September-----	39, 765	38, 394	23, 952	59, 736	30, 213	620

¹ Wheat flour is converted on a basis of 4.7 bushels of grain equal 1 barrel of flour.

² Includes Cumberland and Wiltshire sides.

³ Includes fresh, canned, and pickled beef, bacon, hams, and shoulders; fresh canned, and pickled pork; fresh mutton and lamb.

⁴ Excludes linters.

TREND OF DAIRY PRODUCTION

[Million pounds, 000,000 omitted]

PRODUCTION

	September			January to September, inclusive		
	1927	1926	Per cent change	1927	1926	Per cent change
Creamery butter.....	114	117	-2.6	1,188	1,169	+0.2
Farm butter.....	50	51	-2.0	479	493	-2.8
Total butter.....	164	168	-2.4	1,667	1,662	+ .03
Cheese.....	37	36	+2.8	327	353	-7.3
Condensed and evaporated milk.....	121	119	+1.7	1,611	1,436	+12.2
Total milk equivalent.....	4,106	4,192	-2.1	42,310	42,021	+ .7

APPARENT CONSUMPTION

[Including production, changes in stocks, and net imports or exports]

Butter.....	180	181	-0.6	1,558	1,590	-2.6
Cheese.....	47	47	-----	366	379	-3.4
Condensed and evaporated milk.....	135	145	-6.9	1,353	1,298	+4.2
Total milk equivalent.....	4,580	4,624	-1.0	39,766	40,415	-1.6

COLD-STORAGE SITUATION

[October 1 holdings (shows nearest million; i.e., 000,000 omitted)]

Commodity	5-year average	Year ago	Month ago	October 1, 1927
Creamery butter.....pounds..	117	125	164	147
American cheese.....do.....	68	78	70	65
Case eggs.....cases.....	8	8	10	8
Total poultry.....pounds.....	38	45	40	43
Total beef.....do.....	47	46	33	35
Total pork.....do.....	529	514	766	608
Lard.....do.....	82	106	167	118
Lamb and mutton.....do.....	2	2	1.3	2
Total meats.....do.....	633	619	867	703

THE DAIRY SITUATION

Butter markets have been noticeably unsettled since October 1, but the short supply of best grades at all times has prevented price declines which might otherwise have occurred. The break in prices toward the middle of the month was of but a few days' duration, being followed immediately by advances which restored prices to the previous level. This has since been retained, and New York quotations on top grades at this writing (October 24) are close to the 50-cent mark. Unless unusual changes occur before the close of the month, the October average will be about 2 cents higher than last year. Wide spreads between top scores and less desirable qualities continue to exist, and it is the latter class of goods which accounts for the lack of steadiness in the markets. Medium and undergrade butter of current make are now being supplemented by large amounts of storage butter, which are being moved into consumptive channels as rapidly as profitable handling will permit. Storage stocks of butter October 1 were 147,412,000 pounds, a substantial reduction under the previous month, but a very large surplus over previous years, except 1924. The October movement, however, has cut this surplus down considerably, and in the principal wholesale markets holdings are now about the same as last year at this time, whereas a month ago they were heavier. That storage holdings have been so much reduced is a surprise to many who earlier in the season anticipated with some alarm the probable fall movement.

Butter production the past few weeks has been shrinking rather rapidly according to current reports, and this is evidenced to some extent also by the lighter receipts at markets. The last butter estimate made, for September, places total United States production at 113,554,000 pounds, compared with 116,732,000 pounds in September of last year. This is a decrease of close to 3 per cent. Conditions in principal producing sections have on the whole been favorable the past two months, but killing frosts have now occurred in many of these districts, and the use of pastures is giving way to the feeding of hay. There was a good hay crop this year, but a shortage of feed grains is reported.

While last month's comment regarding the condensed-milk situation was not to have been regarded as pessimistic, the extremely heavy accumulations of stocks in manufacturers' hands seem to have cleared up somewhat, the reduction during September being almost up to the average of recent years. October 1 stocks of 280,671,000 pounds, however, were greater by 55,000,000 pounds than any October 1 holdings since 1920. The canned-milk market is reported to be in fairly good shape, and as winter months come on, more milk will, as usual, be diverted away from concentrating plants. Cheese markets generally are very quiet, although the tone is firm. Some Canadian cheese is appearing on domestic markets, principally larger styles which are best suited for grinding purposes. This cheese, of course, comes in over the tariff wall. The present tariff on Cheddar cheese is 5 cents per pound, but not less than 25 per cent ad valorem. Domestic wholesale prices in eastern distributing markets have been running about 28 cents per pound for the type and style of cheese being imported.

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Division of Dairy and Poultry Products, B. A. E.

THE EGG AND POULTRY MARKET SITUATION

The egg markets, in October, have continued to show signs of firmness, such as were so noticeable in August and September. Trade has been active, prices have advanced almost continuously, and in general conditions have followed the trend established a month earlier.

Prices at the leading markets advanced from 8 cents to 10 cents for the higher grades during the first three weeks of October, rather more than the usual seasonal advance. Now, at the close of the month, the price level for these better grades is higher than for the same period in 1926, for the first time in many months. It is interesting to note, however, that for medium and lower grades of fresh eggs the advance has not been so great and prices are scarcely equal to those of a year ago. For storage eggs, prevailing selling prices have been consistently lower than in 1926.

This condition has been a reflection of the supply situation to a considerable degree. Receipts have been consistently light for the past three months, failing to equal those of a year ago. Furthermore, quality has suffered rather more than normally from seasonal defects. This caused a particular shortage of the finer-quality eggs, and the consequence was rapid advances in prices for this grade. Medium and lower grades, being in fair supply and competing as usual with storage goods, found the going a little slower, and prices advanced more moderately.

Undoubtedly, as much of the firmness of the market situation was due to the favorable storage movement as was caused by the light fresh receipts. By September 1 the surplus over 1926 had been reduced to 80,000 cases, and by October 1 has been entirely wiped out. In fact, on that date holdings were lower than the corresponding date in 1926 for the first time since early spring. It must be remembered, however, that last year's stocks appeared somewhat burdensome during the fall and winter months. It is also worthy of note that there is more of a tendency each year to stress winter egg production. Already there are evidences of pullet eggs among the receipts; some increase has been noted, and the firm edge of the market has been somewhat tempered. Confidence remains, to be sure, but it is generally felt that present prices have fully discounted the firm elements in the situation.

Dressed-poultry markets have shown little change during October, and prices remain somewhat below a year ago. Receipts are fairly heavy, as expected at this season, but are still about the same as in 1926. Storing of poultry is now well under way, although the rate of movement is lighter than a year ago and consequently holdings are slightly less than the previous year, a condition that did not exist at any time in 1926.

Live-poultry markets have had liberal receipts, and, although clearance has been satisfactory, prices have been lower than a year ago in most cases. The Jewish holidays in late September and early October caused momentary firmness and activity, but since then the situation has been largely featureless, though subject to the usual fluctuations.

Interest is beginning to be shown in the turkey crop. A recent survey indicated a crop about 5 per cent below that of 1926 with the general condition reported fair to good. Holdings in storage are still about double that of 1926 but are little above the normal amount for the season.

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NOTES ON THE LIVESTOCK SITUATION

The following statement as to conditions in the livestock industry is based upon information obtained and impressions received during a rather extended trip during August and September which took the writer into most of the important livestock States of the Middle and Far West and into Texas and some of the Gulf States of the South.

From the physical point of view the entire area west of the Mississippi River has had, on the whole, a very favorable year. Pastures and ranges, although starting late, have been generally good to excellent since June, except in parts of the States between the Mississippi and Missouri Rivers and some areas in the Southwest. The production of grains and forage in nearly all States was much above last year and ample for carrying available livestock through the winter. No drought movement of stock has been necessary this year. The large area that suffered severely from drought in 1926 has been favored with abundant crops of all kinds this year.

With feed to spare in nearly all areas, range grasses were able to seed generally; which condition, combined with ample soil moisture due to fall rains, means a favorable prospect for grass next spring and further improvement in range carrying capacity. As usually occurs in "wet" summers in the Great Plains and mountain areas, cloud-bursts and hailstorms were quite prevalent, with considerable local damage. Hay quality is below average because of widespread damage from rain during haying.

Livestock, at marketing time this fall, was in very good condition. Western cattle supplies have contained an unusually large proportion of grass-fat animals and weights on all classes have been considerably above average. Western lambs have also been above average in weight and condition.

CATTLE SITUATION IMPROVING

For the first year since 1921 conditions this year have been more favorable for cattlemen than sheepmen in the West, measured at least by comparison with the previous year. Due to an advance of from \$2 to \$4 per hundred on nearly all classes of cattle, equivalent to from \$12 to \$50 per head according to kind and weight, western cattle prices this year are on a fairly remunerative basis for the first time since the 1920 collapse. Although western cattle marketings will probably be the smallest this fall in five years, the returns to growers will probably be the largest since 1920. In addition, local values for stock and breeding cattle have shown comparable increases so that the cattleman at the end of the year can confidently mark up his inventory values. This will be particularly gratifying to many outfits which have struggled on for some years, just able to keep going, who can now feel that they have a sizeable equity in their holdings. This not only improves their credit and enhances their self-esteem, but it also begets confidence in the future of the business and this has been badly needed.

SMALLER RETURNS FOR SHEEP THIS YEAR

Returns to the western sheep industry will be smaller this year than last. While the total amount of wool shorn was somewhat larger this year than in 1926, the lower price received for this year's clip resulted in a somewhat smaller net return for the western wool this year than last.

The situation was even less favorable with lambs. The western lamb crop was smaller this year than last and the price of lambs has been lower so that the net total return from lambs this year will be somewhat below last year. Bad late spring storms in a number of States resulted in rather heavy losses of aged ewes as well as lambs, and the backward spring and resulting late grass increased the cost of feed considerably.

On the other hand, the demand for desirable breeding stock is very keen and prices for ewe lambs and young ewes are probably the highest since 1920 and the inventory value of flocks on January 1, 1928, may run above that of January 1, 1927.

Sheep numbers in the Western States are probably near their maximum and no great further expansion seems possible. In most of these States available summer range sets the upward limit on sheep numbers. No considerable increase in such range seems possible in the near future, especially since during the next few years cattle may be expected to compete for available range more vigorously than for several years past. If breeding flocks in the West could be stabilized at about present numbers the resulting annual returns for the next few years would probably be larger than if expansion is carried to the point of maximum available feed.

COAST CITIES ABSORBING GREATER SUPPLIES

The line which marks the eastern boundary of the area from which the Pacific coast cities draw their supplies of meat animals continues to move east. The area west of the Continental Divide no longer is able to supply these markets with cattle the year round, and coast packers are coming as far east as Denver for beef supplies at certain seasons. Although a surplus of grass lambs during the summer and fall will probably always come east from beyond the Divide, a movement of northern Colorado-fed lambs in the winter to California markets within a few years is not unlikely. Most of the hogs raised in the Great Plains States west of the 100th meridian now go west, with considerable shipments from as far east as Missouri River markets to California at certain seasons. This line of western hog movement will probably continue moving eastward. Among the apparent anomalies of present specialized production is that of the Pacific coast shipping eggs to the Atlantic seaboard and bringing in hogs from the Dakotas and Nebraska.

DARK DAYS FOR THE WESTERN HORSE

The days of the "Cayuse" on the western range seem to be numbered. Without value as a saddle or work animal, he has some value when converted into chicken meat scrap or dog biscuit and there are a number of plants in the West engaged in slaughtering horses and processing the carcasses, and carloads of live animals continue to go to the Petaluma, Calif., chicken area. In most States local authorities are now permitted to round up and sell all unclaimed and untaxed horses and efforts are being made, in many sections, to rid the range of these animals.

Horse prices for all but the best heavy horses and good saddle horses continue at a low level and little interest is shown anywhere in the West in the future of horse production. With the advent of motor trucks and good roads, the picturesque freight outfit with string team and wagons coupled together has practically disappeared and a team and buckboard are as rare in Wyoming as a horse and buggy in Iowa. But no mechanical substitute for the cow pony is as yet forthcoming, so high-heeled boots and "chaps" are still good form.

SHEEP INCREASING IN TEXAS

In Texas the most notable tendency to expand livestock numbers is with sheep and goats. Texas is the only State where wool production continues to outrank lamb production as a controlling factor in sheep raising, and where considerable numbers of wether sheep are still kept. With favorable prices and several favorable years for weather and feed, sheep numbers have increased rapidly. The expansion has taken the form of increased numbers in the old sheep area and has extended into adjoining areas. In other western sheep States an increase in the lamb crop is usually reflected in an increased fall movement of lambs, but in Texas this may or may not result, depending upon feed conditions, wool prices, and prices for feeder lambs.

LIVESTOCK DECLINES IN GULF STATES

In the Gulf Coast States livestock production, except dairying, continues to decline. Some of these States have passed state-wide tick eradication and stock control laws and others will probably do so shortly but until the readjustments necessitated by these are worked out, cattle and sheep numbers will probably continue to decline.

The sharp advance in the price of low-grade cattle during the last year or so and the high price of slaughter calves are being reflected in prices at southern markets. Cattle and calf prices have reached a point where they are awakening a new interest in southern cattle production both on the part of local people and outsiders, but as yet this is rather a speculative interest than one aimed at improving the quality and increasing the numbers of southern cattle. Hog production in the South has passed the low point and if hog prices are maintained near present levels, a gradual increase in southern hog production may be expected.

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THE CATTLE FEEDING SITUATION

Conditions about October 1 indicated that cattle feeding this coming winter in both the Corn Belt and Western States will be considerably less than last winter.

This indicated reduction in feeding can be ascribed to several causes, among which are a big falling off in available supplies of feeder cattle with resulting high prices for such cattle, a threatened shortage in the corn crop in important feeding areas, with the consequent big advance in corn prices, and short pastures in many feeding sections during August and September.

Shipments of unfinished cattle passing through stockyards points into the Corn Belt States during the three months July to September this year were over 25 per cent smaller than for the same period last year and the smallest in 10 years. Shipments into these States during the first six months of 1927 were 8 per cent smaller than last year and the smallest for the period since 1920. Supplies of locally raised cattle in this area were considerably smaller on January 1, 1927, than for any year in the last 10 while shipments to market during the first six months of 1927 were almost as large as 1926, when they were the second largest on record. Everything points to a much smaller available supply of feeding cattle on October 1 in these States than last year.

In spite of the threatened shortage of the 1927 corn crop and the prevailing high price of corn from June to September, the prices of stocker and feeder cattle have been much above last year and the highest since 1920. During the last week in September the average cost of stocker and feeder steers at the three markets of Chicago, St. Paul, and Kansas City was nearly \$2 per hundred above the same week last year.

The indicated reduction in feeding in the Western States is due partly to an actual shortage of suitable cattle in some sections, but largely to the prevailing high prices for feeder cattle which are causing feeders to hesitate to buy and bankers to refuse to finance the purchase of feeders. Feed supplies over most of this area are abundant and, lacking other outlet for them, some increased interest in cattle feeding may take place later in the fall. Keen competition from Pacific coast packers for all cattle fed in this area seems certain.

The improved outlook for corn production, due to the unusually favorable weather in September and the weakening corn prices, may be expected to stimulate demand in the Corn Belt for stocker and feeder cattle during the next two months. The October crop report indicates a corn crop in the north central States (Corn Belt) as large as that of last year, but much differently distributed over the area. The States west of the Missouri River will have much more corn than last year, while those east of the Mississippi will have much less. A considerable decrease from last year in feeding is to be expected in the latter States, while some increase would be expected in the trans-Missouri area if supplies of cattle are forthcoming.

In spite of the high prices for heavy finished cattle that have prevailed for some months, available information does not show any increased movement of heavy feeders to feed lots. While total shipments of stocker and feeder cattle from the four markets of Chicago, Kansas City, Omaha, and St. Paul for the three months July

to September were over 25 per cent, or 116,000 head, less than last year, the proportion of heavy feeders, 900 pounds and up, was smaller than either last year or in 1925, while the proportion of light steers, under 700 pounds average, and of calves was larger. Shipments of heavy feeders were only 60 per cent as large as last year. If this situation continues during the next two months, the supply of heavy finished steers next winter and spring may be even smaller than it was last.

(From report of this bureau, issued October 12, 1927.)

LAMB FEEDING SITUATION

Developments to October 1 pointed to a material decrease in lamb feeding in the Corn Belt States this fall and winter from last year and a decided increase in feeding in the Western States. By the 1st of October, however the situation has not become sufficiently developed to indicate whether the increase in the latter area would be sufficient to offset the decrease in the former.

Shipments of feeding lambs passing through markets into the Corn Belt States for the three months July to September this year were about 375,000 head, or nearly 30 per cent smaller than for the same months last year, and the smallest since 1922. Both shipments to October 1 and contracts for shipment later, of lambs moving direct to Corn Belt feed lots, not passing through markets, are also reported to be somewhat smaller this year than last, except in the Scottsbluff and Central Platte Valley sections of western Nebraska, where feeding will be on a much larger scale than last year. In the Scottsbluff section it is expected that nearly twice as many lambs will be fed the coming winter as were fed last winter.

Increased feeder shipments from markets in October and November this year may reduce somewhat the present deficiency in Corn Belt supplies of feeding lambs compared to last year. However, reports as to supplies of feeding lambs still available in the West make it improbable that Corn Belt lamb feeding this year will equal that of last, although larger supplies of native lambs to be finished on grain are reported from some States.

The increased lamb feeding this winter in the Western States will be due largely to the increase in Colorado, when lamb feeding will be back to about normal proportions. Present information as to feeder shipments already received and contracts to be filled indicates that from 500,000 to 600,000 more lambs will be fed in Colorado this year than last. The situation in other Western States is as yet rather uncertain. Present indications are for some increase in feeding in Wyoming, Montana, and Texas, but decreases in nearly all of the States west of the Continental Divide. If this proves to be the case, Pacific Coast markets will furnish much stronger competition for Utah and Idaho fed lambs this coming winter than last.

(From report of this bureau, issued October 14, 1927.)

THE FEED SITUATION

The supply of feed grains and by-product feeds is materially smaller than last year but the hay crop shows a considerable increase. Most of the prospective reduction is due to reduced harvests in corn, oats, and cottonseed this season. The loss in corn is partially

offset by the increased amounts of barley and grain sorghums. Supplies of by-product feeds other than cottonseed meal may be nearly the same as for last season. Available statistics upon animals do not suggest that domestic feeding requirements will be substantially different from those of last year but feeding will be affected to a considerable degree by the severity of the winter and the length of the feeding season.

A corn crop about 44,000,000 bushels smaller than last year was in prospect at the 1st of October and available statistics suggest that the stocks of old corn November 1 may be around 100,000,000 bushels smaller than a year ago, making a total supply of corn around 150,000,000 bushels short of last year's supply. In addition the poor quality of much of the crop, particularly east of the Mississippi River, will further reduce the effective supply.

Production in the Corn Belt is expected to be larger than last year with gains west of the Missouri River overbalancing losses east of the Mississippi River. Prospects in Nebraska are for a crop nearly twice that of last year while a crop almost three times as large as a year ago is promised in Kansas. In Iowa the crop will be under that of last year but distinctly better than earlier prospects. Production in the Southern and Southwestern States will exceed that of last year according to present indications.

The decrease in the corn supply, however, is partially offset by an increase of about 90,000,000 bushels in barley and grain sorghums. The barley crop this season is the largest on record, the principal increases being in the North Central States and in Colorado. While most of the crop will be available for feed, more of this grain will likely be exported than last year because of the poor quality of much of the European crop.

The grain sorghum crop is also large, being estimated at around 159,000,000 bushels, or about 20,000,000 bushels larger than last year and about 38,000,000 bushels over the five-year average. This will supplement the corn supply in the Southwestern and Western States.

The supply of oats this season is nearly 120,000,000 bushels smaller than last year, largely as a result of a reduction of about 70,000,000 bushels in the carry over. The quality is lower, being estimated at the 1st of October at 80.3 per cent compared with a 10-year average of 87.9 per cent. A large percentage of the marketings to date have been of light weight and high quality heavyweight oats are scarce and are bringing premiums of 3 to 5 cents per bushel.

PRODUCTION OF BY-PRODUCT FEEDS SLIGHTLY SMALLER

The production of cottonseed meal will probably be only about two-thirds of the amount produced last year because of the smaller cotton crop this season. The higher prices, however, may tend to restrict exports so that a relatively larger supply may be available than is indicated by production figures alone.

The supply of linseed meal will depend more upon the demand for linseed oil and the export demand for meal than the supply of flaxseed. The flax crop is expected to be about 5,500,000 bushels larger than last season, but this increase may be balanced by reduced imports of Argentine seed.

The production of wheat feeds will probably be about the same as a year ago since domestic flour production is fairly stable. Mill output earlier in the season was relatively small because of a limited demand for flour but recently production has increased. Imports of Canadian wheat feeds will be influenced by the demand for these feeds in Canada and by the export market for Canadian flour.

The production of some corn by-product feeds has recently been heavier than a year ago but there are no indications that the supply of these feeds will be materially changed from the amount available last year.

HAY SUPPLY LARGEST ON RECORD

The smaller feed supply is partially offset by the larger hay crop. Farm prices of hay are low and this will tend to increase the feeding of hay. A tame hay crop of nearly 104,000,000 tons, or about 13,000,000 tons above the average for the past five years, is now indicated. While no estimate is yet available relative to the amount of wild or prairie hay that will be harvested, prospects are for a good crop.

Feed prices are averaging higher than a year ago, largely as a result of the reduced supply. While corn prices have declined sharply since about the middle of August upon continued improved prospects for the crop, cash prices at the middle of October were still 8 to 10 cents above quotations at the principal markets at the corresponding time last year. Oats prices are averaging 3 to 5 cents higher and barley prices 10 to 15 cents higher than a year ago. The relatively higher prices of feed barley in the central western markets are apparently reflecting the generally good quality of the barley in the Central Western States this season. Cottonseed meal prices at the middle of October were around \$13 above the unusually low prices prevailing a year ago when the supply was large. Linseed meal prices are about \$2 above last year's quotations at this time influenced largely by the higher quotations of other high protein feeds. Wheat feeds are averaging \$3.50 to \$4 per ton higher than a year ago while gluten and hominy feeds are ranging from \$5 to \$7.50 higher than last year at the principal markets.

DEMAND IRREGULAR

Indications are that a little more total feed will be required for hogs this season than last while horses and cattle should take less. About 3.5 per cent more spring pigs were saved this season than a year ago according to the June pig survey while the unusually heavy cholera losses of last season are hardly likely to be repeated this year. The number of horses is expected to show a further decrease so that less feed will probably be required for them. No further statistics upon the number of dairy cows are available until January but the advance in dairy products on the whole has hardly paralleled the advance in feed prices. Conditions about October 1 indicated that cattle feeding this coming winter in both the Corn Belt and Western States will be considerably smaller than last winter. Lamb feeding is expected to show some reduction in the Corn Belt but an increase in the western States, particularly in Colorado.

Hay, Feed, and Seed Division, B. A. E.

THE POTATO SITUATION

Statistics may be misleading unless properly analyzed. Potato production estimates are given for the total crop, part of which is grown in each State of the Union and harvested at three distinct periods—spring, summer, and fall—according to location of the producing section. The early crop of the southern States is mostly out of the way by the end of June. The intermediate crop, grown chiefly in States from Virginia to New Jersey and in a belt extending from Virginia westward to Kansas, is about finished by September 30. In fact, most of the intermediate potatoes are marketed before September 1. Movement from the main crop sections is well under way by August and overlaps the intermediate potatoes for about two months.

After September 1, practically all the supply until the following spring, originates in States from Maine to Washington and north of the 40th parallel of latitude. It is this northern region, therefore, on which attention is now focused. No matter how big the crop in early and intermediate sections, nearly all those potatoes have moved to market and are already consumed. They comprise less than one-third the total crop. More than two-thirds of the United States potato production is in the northern area.

With this background, the following figures are of special interest:

POTATO PRODUCTION ESTIMATES

Period	Total crop, 48 States	Shipped after Sept. 1	Mostly shipped before Sept. 1	
		Late crop, 19 States	Inter- mediate crop, 16 States ¹	Early crop, 13 States
	<i>Bushels</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Bushels</i>
1927—July.....	392, 943, 000	278, 154, 000	83, 294, 000	31, 495, 000
1927—August.....	410, 714, 000	292, 425, 000	86, 643, 000	31, 646, 000
1927—September.....	399, 798, 000	275, 698, 000	92, 290, 000	31, 810, 000
1927—October.....	394, 757, 000	268, 714, 000	94, 747, 000	31, 296, 000
1926—Final.....	356, 123, 000	251, 788, 000	74, 635, 000	29, 700, 000
5-year average.....	394, 135, 000	279, 957, 000	86, 791, 000	27, 387, 000

¹ The so-called deficient-producing "late" potato States.

According to October condition, this year's total crop appeared to be 38,600,000 bushels greater than the 1926 crop and just about equal to average production of the past five seasons. The early and intermediate crops combined were 21,700,000 bushels above last year's record, 20,000,000 of this increase being in intermediate sections and mostly in Virginia and New Jersey. Each monthly crop report has increased the 1927 figures for this group of States. Early and intermediate potatoes combined were nearly 12,000,000 bushels above average production of the last five years.

All of which means that the crop in the 19 important late potato States is actually short by 111,000,000 bushels (or 4 per cent) of equaling the average figure and is only 17,000,000 above the 1926 total for the northern area.

The greater part of this year's gain was in early and intermediate regions, whose potatoes have already been marketed. Furthermore, each month since August the production estimate for late or main crop States has been reduced and is now 24,000,000 bushels below the August forecast and about 9,500,000 below the first report issued in July.

MODERATE PER CAPITA PRODUCTION

The five-year average production in these 19 States, divided by average population of 114,500,000, would give a per capita of nearly 2.5 bushels, but this season the per capita figure for late potato production may be only 2.3 bushels. On the other hand the argument is raised that "there were plenty of potatoes last year to go around; why talk about a shortage this year, when the late crop is 17,000,000 bushels greater?" One thing is sure, however, there is no great oversupply for the fall and winter months.

During September, production figure for the northeastern region of the surplus potato area was decreased by nearly 11,000,000 bushels. The north central region showed a net increase of 3,000,000; the Rocky Mountain and the Pacific coast sections a gain of half a million each, or a million-bushel increase in the West. The Northeast now has 6,000,000 bushels less than last year, and Maine has the lightest crop since 1923. The 19 late-potato States had shipped 51,000 cars by October 15, or only about 1,000 less than a year ago.

THE COURSE OF PRICES

Markets have been quite sensitive to reports of crop damage and to increases or decreases in production estimates. Frosts and other unfavorable weather conditions were affecting the undug crop in some sections. Price trend has been generally upward since early October, markets for eastern potatoes showing greater firmness than those for North Central and western stock. Advances of 5 to 25 cents per 100 pounds were common about mid-October. In spite of arrivals totaling 1,100 cars during the week of October 9-15, Chicago car-lot sales closed that Saturday at \$1.40 to \$1.50 on Red River Ohios, \$1.40 to \$1.65 on sacked northern Round Whites, \$1.60 to \$1.65 on Idaho Rurals, and \$1.75 to \$2 on Russets. The Boston market advanced to top of \$2 on Maine Cobblers and \$2.25 on Green Mountains, while Long Island Green Mountains reached \$2.55 in New York City. New York and Pennsylvania Round Whites averaged \$2.15 per 100 pounds.

Many growers in the West were holding for higher prices. The Idaho shipping point market strengthened to 85 cents on Rurals and \$1 to \$1.05 on Russet Burbanks. Advances of 15 to 25 cents were noted in other shipping sections by mid-October, leaving the north central region within a range of \$1.30 to \$1.70, with highest price in Michigan and lowest in Minnesota. Western New York f. o. b. quotations reached \$2, or only 50 cents less than a year ago,

and Maine Green Mountains rose sharply to \$1.60 to \$1.75 at Aroostook County points. The whole potato situation began to take on a brighter aspect. Early reports from the Rio Grande Valley of Texas indicate lighter plantings of early potatoes in that section.

The extreme range of f. o. b. prices in country shipping sections was 85 cents to \$2 per 100 pounds, the incline being upward from West to East. This is equivalent to 51 cents to \$1.20 per bushel, and returns to growers were somewhat below that range. Last year, the net cost of producing potatoes in Western States was estimated at 56 cents per bushel and in Northeastern States 74 cents, with the cost in the great north central area at 52 cents. Average costs of production in Northern and Western States advanced sharply between 1924 and 1925, because of the light crop harvested in 1925, but there was practically no increase in cost last year. In view of the fact that nearly four-fifths of all the late potatoes are grown in the Northeastern and North Central States and considering that highest prices are being paid in those regions, it would seem that average returns to growers are giving at least a small margin of profit.

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